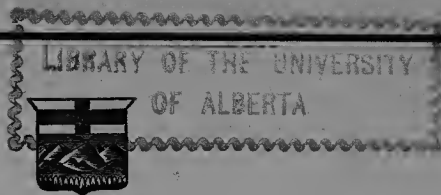


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BUDGET SPEECH

OF

THE HON. J. R. LOVE

TREASURER OF THE PROVINCE OF ALBERTA

Delivered on March 8th

1935

IN THE

LEGISLATIVE ASSEMBLY OF ALBERTA

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF FINANCIAL AND GENERAL
INFORMATION.

PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY

EDMONTON:
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BUDGET SPEECH
DELIVERED BY
THE HON. J. R. LOVE
Treasurer of the Province of Alberta

March 8th, 1935

MR. SPEAKER:

In rising to move that time honoured motion, That you do now leave the Chair and that this Assembly do resolve itself into a Committee of Supply to make good the supply to be granted to His Majesty for the year ending March 31st, 1936, I am deeply appreciative of the privilege afforded me and realize the responsibility I have assumed as Provincial Treasurer of this Province. For the past eleven years the budget speeches have been presented to this Legislative Assembly by the Honourable R. G. Reid and I think the members of this House will agree with me when I say that the financial position of this Province has always been dealt with in a fair, impartial and comprehensive manner. It will be my endeavour Mr. Speaker to continue that practice.

WORLD CONDITIONS

In referring briefly to World conditions, I think we should note the continued and marked progress Great Britain has made towards recovery. Probably to a greater degree than in other countries, Britain's prosperity is dependent upon its world trade. When we consider the extent to which international trade has decreased since 1929, the progress Great Britain has made is indeed worthy of note. According to statistics compiled by the League of Nations, the value of World Trade has declined about 65 per cent during the past five years and the volume has fallen more than 25 per cent. Resumption of International Trade is essential to the solution of Unemployment and to a restoration of a higher standard of well being. The United Kingdom has experienced over two years of industrial recovery and while there has been some slackening in the rate of progress, the trend is still upward. A large part of the improvement has been due to an increased domestic consumption of goods, but there has also been a satisfactory increase in overseas trade. It is recognized that certain factors which were responsible for the depression are being gradually eliminated. While much of the recovery that has so far taken place is due mainly to internal rather than external business, it is felt that the shrinkage in World trade has been definitely checked. Many countries have yet to solve their debt problems, both internal and external, while others have to decide whether they will by lower-

ing their tariffs enable their debtors to pay them in goods and services, the only way in which these debts can ultimately be paid. It is encouraging to note in many countries a return of confidence amongst investors and as a result, we see in these countries a lowering of the cost of money, which is essential to economic recovery.

CANADA—CONDITIONS

Turning to our own Dominion, we find evidence of considerable improvement during 1934. The volume of all business showed an increase of 18 per cent above that of the previous year. Employment in trade and industry showed a gain of 15 per cent. The iron and steel industry, an advance of 80 per cent; automobile production, 86 per cent; the output of newsprint was up 29 per cent and construction showed an improvement of 29 per cent. Our exports increased 28 per cent and imports to this country gained 23 per cent. There was a pronounced increase in the production of our mines and in lumbering and although exports of wheat decreased by 12 per cent, the prices of farm products increased by approximately 15 per cent. During the year a marked decline in interest rates was established, which was reflected in the cost of Government financing. With the functioning of the Bank of Canada, it is hoped that further progress will be made in this direction, thereby reducing the interest charges on public and private debts in Canada.

I will now turn to conditions within our own Province, dealing first of all with the various branches of our basic industries.

AGRICULTURE

It is indeed gratifying to note that the total market value of all agricultural produce for 1934 shows a substantial increase over that of the previous year. The estimated value is \$152,878,863*, compared with \$119,899,553, for the year 1933—an increase of \$32,979,310. A comparison of the value of the various items of production for both years shows the following:

	1933	1934
Grain Crops	\$ 62,364,920	\$ 86,934,000
Root Crops	2,316,748	2,306,000
Fodder Crops	18,763,000	16,405,000
Dairy Products	12,950,000	14,300,063
Live Stock	17,000,00	25,000,000
Miscellaneous	6,504,885	7,933,800
	<u>\$119,899,553</u>	<u>\$152,878,863</u>

The value of grain crops shows an increase of \$24,570,000 due to an increased yield of over ten million bushels of wheat and an estimated average price of fifty-three cents per bushel compared with forty-five cents for the previous year. Owing to frost in certain areas and other adverse weather conditions, both the yield and grades were lower than anticipated during the growing season.

A new all time record for the production of creamery butter was established in 1934. The output amounted to 25,594,000 pounds com-

*See Statements Nos. 8 and 9, Pages 32 and 33, for Comparative Agricultural Production, years 1933 and 1934.

pared with the previous year's record figure of 23,852,350 pounds. The total value amounted to \$14,300,063. It is encouraging to note that not only has the production increased, but prices showed some improvement during the year. Butterfat receipts showed a very substantial increase in the Central and Northern sections of the Province, while the Southern section, in spite of drought conditions, maintained approximately the same total production as in 1933. The creamery butter surplus was disposed of very largely in the British Columbia market. No exports were made to the United Kingdom, owing to the London quotations being several cents below the Canadian price level.

The estimated value of live stock marketed is \$25,000,000—an increase of \$8,000,000, over the previous year. This increase is largely accounted for by the increased value of hogs, both as a result of higher prices and the remarkable increase in quality, which is to a large extent attributable to the intensive campaign for improved quality conducted by Provincial and Federal authorities. Over forty-eight per cent of the hogs marketed graded Select or Bacon, compared with twenty-seven per cent in 1930.

Alberta exhibitors again demonstrated the high quality of live stock and grain raised in this Province. At Chicago a total of fifty-nine prizes, of which forty-nine were for seed grain, were secured by exhibitors from this Province, including the International Championship for wheat—the eighth time in eleven years; the championship for field beans and timothy and the reserve championship for oats. At the Royal Exhibition in Toronto, 214 prizes were taken, of which 173 were for live stock and poultry, and 41 for seed grain.

While the increase in value of agricultural products for the year is gratifying, I would draw to the attention of the Members of this Assembly the following comparative figures for the past six years:

VALUE OF ALBERTA AGRICULTURAL PRODUCTS

1928	1929	1930	1931
\$264,607,299	\$242,052,089	\$161,162,283	\$148,048,008
1932	1933	1934	
\$130,446,626	\$119,899,553	\$152,878,863	.

I would suggest that these statistics should be borne in mind when dealing with the financial position of this Province and in reviewing the Government's administrative record during the past five unprecedented years. A hundred million dollar decrease in the value of our agricultural products is bound to affect seriously the economic condition of our people, thus adding to the financial burden placed on the Government when the main sources of Provincial revenues are far below their normal levels. I am glad to say, Mr. Speaker, that recent statements made by Mr. J. I. McFarland, General Manager of the Central Selling Agency of the Canadian Wheat Pools, indicate that the wheat carry-over in Canada should be reduced to approximately 81 million bushels by August of this year, compared with over 200 million bushels last year. If this prediction is correct, we can look forward with confidence to further increased prices for our wheat.

The Canadian carry-over on August first for the years 1928-1934 inclusive was as follows:

AUGUST 1ST CARRY-OVER OF CANADIAN WHEAT

1928	1929	1930	1931
92,000,000 bus.	128,000,000 bus.	128,000,000 bus.	140,000,000 bus.
1932	1933	1934	
136,000,000 bus.	212,000,000 bus.	199,000,000 bus.	

There is also evidence of higher prices for cattle. Recently several shipments have been made to the United States market, realizing somewhat higher prices than the prevailing prices in Canada, notwithstanding the high tariff which proved an effective barrier to such imports for several years. I feel justified in venturing the opinion that at no time during the past four years have we had such hopeful signs of improved prices for agricultural products.

THE BEET SUGAR INDUSTRY

The Beet Sugar Industry continues to grow in importance. The production of the Raymond factory is steadily increasing. During the past year the beet crop set a new record both as to yield per acre and total tonnage produced. Approximately 176,066 tons of beets were marketed by 805 growers—an increase of over 38,000 tons compared with the previous year. 14,125 acres were in crop, averaging 12.39 tons per acre, realizing approximately \$5.30 a ton. The factory operated for a period of 150 days, producing 530,000 sacks, or 26,500 tons of sugar, which, I might mention, is practically equal to the present yearly consumption of this product in this Province. Alberta sugar is now finding its way into the neighbouring provinces and it is with gratification that the Government has been able to announce that a second factory will be established this year in the Lethbridge Northern Irrigation District, which will result in a further expansion in this important industry.

I now wish to direct your attention, Mr. Speaker, to our natural resources.

NATURAL RESOURCES

For the fiscal year ended March 31st, 1934, revenue from Natural Resources totalled \$937,095, compared with \$861,477 for the previous year—an increase of \$75,618. The actual receipts for the ten months of the present fiscal year amounted to \$914,057 and the total receipts for the year will undoubtedly show a substantial increase over the total for last year. As has been pointed out in previous budget speeches we may reasonably expect, under more normal conditions, substantially increased revenue from this source.

The production of naphtha and crude oil for the calendar year totalled 1,265,940 barrels, valued at \$3,031,446—an increase in production of 252,900 barrels and an increase in value of \$85,709. This increase is attributed to the operation of two absorption plants in Turner Valley and the completion of several new wells. In the southern end of the field an extensive programme of drilling was carried on. In that area alone a total of 27 wells were producing during the year. In the

Wainwright field it is estimated there will be an increase of 127% in output compared with the previous year. A refinery is now in operation in this field. However, the output of the existing wells is insufficient to keep the plant in continuous operation, hence crude oil is being imported to supplement local production. The consumption of natural gas in 1934 totalled 16,100,697 thousand cubic feet, valued at \$322,103.

The production of coal was approximately 4,748,848 tons—an increase of some 34,000 tons over that of the previous year. The value was \$12,576,370—an increase of \$379,000, compared with the calendar year 1933. Lumbering showed a slight increase. Over 44,000,000 feet were manufactured, valued at \$490,000. Fish marketed totalled over 4,170,000 pounds, valued at \$254,315—an increase of over 1,000,000 pounds and an increase in value of \$109,000, compared with that of the previous year.

For years the problem of the separation of bitumen from the Fort McMurray tar sands has been under investigation. It would appear that this work, instituted by the Research Council of Alberta and later carried on by other interests, is now approaching solution, making possible the development on a commercial scale of the immense wealth contained in these extensive deposits.

The total value of the production from our Natural Resources was \$16,722,234, compared with \$15,500,000 for the previous year. The increased production and added value over that of the previous year does, I think, reflect the somewhat improved general conditions in this Province.

THE CO-OPERATIVE MARKETING ASSOCIATIONS GUARANTEE ACT

Guarantees of the Government under The Co-operative Marketing Associations Act were confined to the Northern Alberta Dairy Pool, the Central Alberta Dairy Pool, Wetaskiwin Dairy Pool, Southern Alberta Dairy Pool and the Calgary and District Milk Producers' Association. The original guarantees of the Government totalled \$431,162.32. Payments made by these Associations amount to \$175,492.99, reducing the liability of the Province under its guarantees to \$255,669.33. The butter manufactured at the four Dairy Pool plants in 1933 averaged 1,202,662 pounds per plant, as compared to an average of 266,000 pounds for all creamery plants in the Province. The success of these co-operative dairy organizations during these years of difficult times proves conclusively that the practical application of sound principles of co-operative marketing will make a valuable contribution to the problem of raising the economic status of our primary producers.

THE ALBERTA CO-OPERATIVE RURAL CREDIT ACT

During the calendar year ended December 31st, 1934, loans made to members of Associations included in the Alberta Rural Credit Corporation totalled \$69,768.54, and collections amounted to \$154,113.06. Of the loans totalling \$155,344.90 taken up by the Government under its guarantee, the sum of \$100,344.90 has been repaid from the reserves of the Alberta Rural Credit Corporation, and \$3,102.88 collected from the debtors. It is estimated that around

\$50,000 will ultimately be recovered from the borrowers. The total loans outstanding as at December 31st, 1934, amounted to \$1,581,314.83 as against \$1,545,571.06 on December 31st, 1933.

Loans made to Sugar Beet Societies totalled \$47,649.40 and were paid in full.

Including the societies in liquidation, the total loans taken up by the Government under its guarantees amount to \$569,000, of which \$109,968 has been recovered from collections and the reserves of the Alberta Rural Credit Corporation. It is anticipated further recoveries will total \$165,000.

The paid-up capital of the Alberta Rural Credit Corporation consisting of debentures and Savings Certificates of the Province as at December 31st, 1934, amounted to \$304,162.33, and the Reserve Fund, \$39,904.42—a total of \$344,066.75. This sum constitutes a reserve against loans totalling \$1,581,314.83 to Societies included as members of the Corporation.

While no material reduction in the carry-over of these societies is possible under present conditions, it should be noted that payments during the past three years exceed new loans made.

ALBERTA WHEAT POOL

In view of the liability of the Alberta Wheat Pool to the Province, its financial position is of special interest to the Government and to the people of the Province. It is indeed gratifying to report that the Wheat Pool has again made its payment to the Government promptly and that its audited statement for the year ended July 15th, 1934, shows another year of successful operations. Net operating earnings amounted to \$877,517.17. After setting aside the sum of \$524,496.90 to cover depreciation and providing for a payment of \$274,990.63 interest to the Government, a balance of \$78,029.64 was transferred to the Reserve account. Liquid assets after deducting current liabilities amounted to \$4,117,234.47—an increase of \$293,383.47. On September 1st, 1934, a payment of \$179,500 on the principal sum owing to the Provincial Government was made, reducing the indebtedness to \$5,299,000. The contingent liability of \$1,000,000, in respect of bank loans for the financing of the Vancouver terminal has been reduced to \$750,000.

The security held by the Government and the earning capacity of this organization ensure beyond any doubt the repayment of the advances made.

UNEMPLOYMENT AND AGRICULTURAL RELIEF

Recipients of direct relief show a substantial decrease in number since March, 1934. However, the cost is still beyond the means of this Government and the larger urban municipalities to meet from current income. Through the co-operation of the Dominion Government, loans have been made to the Province to meet the larger portion of its share of the cost, and financial assistance has been also given to the larger cities. During the year, the senior Government adopted the policy of making a monthly grant of \$100,000 to the Province instead of assuming one-third of the cost; and the Province has, in turn, allotted to the Cities a stated monthly payment. The continuous

addition to the Capital debt, and the resultant increase in debt charges, is creating a most serious problem for both the Municipalities and the Province.

The following comparative figures indicate, however, that there is a substantial decrease in the number on relief:

	December 1931	March 1933	March 1934	January 1935
Cities	26,339	26,621	26,102	22,262
Rural Areas	2,865	16,871	30,251	19,999
Single Men		6,942	3,664	4,443
	<u>29,204</u>	<u>50,434</u>	<u>60,017</u>	<u>46,704</u>

For the period October 4th, 1930, to December 31st, 1934, the total expenditures for unemployment works and direct relief amount to \$20,837,173.46, apportioned as follows:

Dominion Government	\$ 7,771,739.51
Provincial Government	8,654,670.78
Municipalities	4,410,763.17
	<u>\$20,837,173.46</u>

In addition, over \$2,400,000 have been expended by the Province for agricultural relief during the same period; and of this sum, over \$1,400,000 represents advances for seed and fodder. The sum of \$258,250 has been expended for the extermination of grasshoppers making a total cost to the Provincial Government of \$11,312,920.78 for all types of relief since October 4th, 1930.

The Dominion Government has assisted the Province in financing expenditures for this purpose; and the following statement shows the outstanding loans to the various provinces as at March 31st, 1935:

LOANS TO PROVINCES UNDER RELIEF ACTS

Estimated Net Outstanding, March 31st, 1935

	Loans to Meet Maturing Obligations and Interest	Loans Specifically for Agricultural Relief, Including Feed and Seed Grain	Loans for Provincial Purposes Generally, Including Public Works and Direct Relief	Total
Manitoba	\$3,425,316	\$ 265,000	\$ 9,418,313	\$13,108,629
Saskatchewan	3,934,341	7,892,633	22,662,452	34,489,426
Alberta	3,142,000	2,235,000	6,600,000	11,977,000
British Columbia	5,298,664		9,715,571	15,014,235
	<u>\$15,800,321</u>	<u>\$10,392,633</u>	<u>\$48,396,336</u>	<u>\$74,589,290</u>

The problem of agricultural relief has become increasingly serious owing to successive crop failures, principally due to drought. Some thirty-five Municipal Districts are situated in areas where, owing to drought, farmers have suffered almost a total crop failure for three and four successive years. Approximately twenty-seven Municipalities have had two successive crop failures, due to drought, hail and grasshoppers. Seed Grain advances were made to 2,386 farmers, and 6,000 Fodder loans were made in 1934. Over 3,700 families have been moved from this area to other parts of the Province, and 6,600 carloads of stock and effects.

The question of relief in all its phases constitutes an expenditure, Mr. Speaker, which is beyond the means of this Province and its Municipalities to meet on the present apportionment of cost as between the three contributing Governments.

Estimates of the expenditure for the coming year have been tabled as supplementary to the ordinary expenditures, and the amount expended will of necessity be capitalized. The estimates can only be regarded as tentative, and the reimbursement by the Dominion Government is subject to revision of the present agreement which expires on March 31st, 1935.

ALBERTA SAVINGS CERTIFICATES

Total deposits covered by the issue of Savings Certificates amounted to \$10,541,078 on December 31st, 1934, compared with \$9,075,288 at the end of the previous calendar year—an increase of \$1,465,789 during the period. The Term Certificates now total \$4,985,298 compared with \$3,072,886 the previous year—an increase of \$1,912,412; and Demand Certificates total \$5,555,780 as against \$6,002,402—a decrease of \$446,622.

The Term Certificates covering deposits made for a stated period of one, two and three years, were first issued in April 1932 and it should be noted that practically one-half of the sum now on deposit is in this form of Certificate.

Effective January 1st of this year the interest rate on Demand Certificates issued after that date was reduced to three per cent and on one-year Term Certificates to three and one-half per cent, and on two-year and three-year Term Certificates to four and one-half per cent. The effect of these reductions in interest rates will accrue as the outstanding certificates become due and new certificates are issued at the new rates. The average rate of interest paid for the fiscal year ended March 31st, 1934, was 4.407 per cent and the cost of administration .076 per cent, the total cost being 4.483.

The substantial increase during the period is, I think, very gratifying and reflects the continued confidence of the public in this form of investment.

Dealing now with the financial statements of the Province:

PUBLIC ACCOUNTS 1933-1934

The General Revenue deficit for the fiscal year ended March 31st, 1934, amounted to \$1,878,031.42 as against \$2,107,521.03 for the previous fiscal year. To the extent of \$744,067.28 the deficit for the year under review represents sinking fund or debt retirement charges, the balance of \$1,133,964.14 being the deficit on operating account.

Actual results as compared with the estimates are summarized below:

Particulars—	Actual	Estimates	Under or Over* Estimates
Revenue	\$15,178,607.44	\$16,791,839.68	\$1,613,232.24
Expenditure excluding Debt retirement	16,312,571.58	16,032,974.40	279,597.18*
Operating Deficit before providing for Debt retirement	\$ 1,133,964.14 (Deficit)	\$ 758,865.28 (Surplus)	\$1,892,829.42
Sinking Fund or Debt retirement	744,067.28	749,165.28	5,098.00
	<u>\$ 1,878,031.42</u> (Deficit)	<u>\$ 9700.00</u> (Surplus)	<u>\$1,887,731.42</u>

From these figures it will be observed that the deficit was mainly due to Provincial revenues falling below amounts anticipated.

The following table summarizes Revenue and Expenditure for the year:

REVENUE

Particulars—	Actual	Estimates	Under or Over* Estimates
Dominion of Canada Subsidies	\$ 1,757,317.00	\$ 1,743,159.00	\$ 14,158.00*
Taxes	4,698,576.77	5,560,550.00	861,973.23
Licenses	1,926,523.03	1,975,350.00	48,826.97
Fees	1,712,942.97	1,993,410.00	280,467.03
Fines and Penalties	52,521.15	70,000.00	17,478.85
Profits from Trading Activities	1,270,394.87	1,515,000.00	244,605.13
Miscellaneous	87,310.69	81,745.00	5,565.69*
Refunds of Expenditure	1,778,425.76	1,842,965.00	64,539.24
From revenue producing assets	1,894,565.20	2,009,666.68	115,095.48
	<u>\$15,178,607.44</u>	<u>\$16,791,839.68</u>	<u>\$1,613,232.24</u>

EXPENDITURE

Particulars—	Actual	Estimates	Under or Over* Estimates
Education	\$ 2,452,090.13	\$ 2,219,567.00	\$ 232,523.13*
Legislation	208,492.52	195,902.00	12,590.52*
General Government	1,398,283.23	1,386,907.34	11,375.89*
Miscellaneous	24,687.23	27,248.00	2,560.77
Administration of Justice	756,561.77	761,924.00	5,362.23
Agriculture	456,434.83	348,559.23	107,875.60*
Public Domain, Research and Development	442,334.13	441,934.33	399.80*
Public Welfare, Institutions and Charitable			
Grants	3,548,540.53	3,454,230.31	94,310.22*
Highways, bridges and ferries	780,534.01	756,305.00	24,229.01*
Commissions and fines paid to municipalities, and refunds	45,370.53	30,000.00	15,370.53*
Total ordinary Expenditure	<u>\$10,113,328.91</u>	<u>\$ 9,622,577.21</u>	<u>\$ 490,751.70*</u>
Interest and other charges on Public Debt..	6,199,242.67	6,410,397.19	211,154.52
	<u>\$16,312,571.58</u>	<u>\$16,032,974.40</u>	<u>\$ 279,597.18*</u>
Sinking Funds	744,067.28	749,165.28	5,098.00
Operating Deficit before providing for Debt retirement	<u>\$ 1,133,964.14</u>	<u>\$ 758,865.28</u>	<u>\$1,892,829.42</u>
		(Surplus)	
Deficit after providing for Sinking Fund or Debt retirement	<u>\$ 1,878,031.42</u>	<u>\$ 9,700.00</u>	<u>\$1,887,731.42</u>
		(Surplus)	

The expenditures in excess of the estimates are chiefly accounted for by the following items:

Grants to Schools	\$210,000
Agricultural Relief	125,387
Old Age Pensions	121,206

You will note that the above expenditures for agricultural relief were charged to Income Account. The expenditures in excess of the estimates were off-set to some extent by savings made in other appropriations.

It will, I think, be of interest to mention the decreased receipts from some sources of revenue, and also the increased expenditure for certain services for the fiscal year ended March 31st, 1934, as compared with the year ended March 31st, 1929, which are as follows:

REVENUE

	March 31, 1929	March 31, 1934	Decrease
Supplementary Revenue Tax	\$1,166,000	\$ 786,000	\$ 380,000
Wild Lands Tax	295,000	87,000	208,000
Unearned Increment Tax.....	138,000	10,000	128,000
Amusement Tax	246,000	116,000	130,000
Succession Duties Tax	383,000	257,000	126,000
Auto Licenses	2,125,000	1,668,000	457,000
Liquor Profits	2,894,000	1,251,000	1,643,000

EXPENDITURE

	March 31, 1929	March 31, 1934	Increase
Hospital Grants	\$ 427,000	\$ 443,000	\$ 16,000
Mothers' Allowances	364,000	440,000	76,000
Care of Mentally Diseased	648,000	815,000	167,000
School Grants	1,364,000	1,526,000	162,000
Old Age Pensions		1,286,000	1,286,000
Lands and Mines Department.....		462,000	462,000

FISCAL YEAR 1934-1935

The statement of receipts and cash payments in respect to the nine months' period ended December 31st, 1934, of the present fiscal year has been tabled. You will note, Mr. Speaker, that the cash receipts of \$11,907,575.65 show an increase of \$1,474,342.43 compared with the corresponding period of the previous fiscal year. Of this increase, the sum of \$936,322.23 was due to the earlier receipt of subsidy and interest on School Lands Investment from the Dominion Government. Payments of \$12,569,650.67 show an increase of \$141,419.42 over the previous period, while the cash deficit is shown as \$662,075.02. After allowing for the earlier receipt of the Dominion subsidy, the net increase in revenue is \$538,020.20, and the cash deficit for the period shows an improvement of \$396,600.78.

The increase in Revenue is chiefly accounted for by the following items:

Fuel Oil Tax, due to increased sales	\$237,451.14
Supplementary Revenue and other property taxes	
—Improved collections	112,460.28
Liquor profits on a larger volume of business ...	300,000.00
Old Age Pensions—Reimbursements by the Dominion Government	99,227.67

This increase is partially off-set by a decrease of \$200,000 in interest received on the reduced principal outstanding for the sale of Railways.

The principal increases in expenditure are as follows:

Old Age Pensions to a growing body of Pensioners	\$108,665.37
Maintenance of Mental Hospitals and other Public Health activities	63,233.88
Maintenance of Ferries, Highways and Buildings	80,672.45
Various agricultural services	51,209.97

On the other hand, there is a decrease of \$157,452.25 representing Sinking Fund instalments yet to be paid.

Notwithstanding the reduction made in Motor License Fees, which will be reflected in the revenue of the last three months of the fiscal year, in view of the general increase which is shown in the revenue of every Department, it is confidently expected a further improvement will be shown during the present quarter, and that the final figures will reveal a substantial reduction in the deficit as compared with the previous fiscal year.

SPECIAL WARRANTS 1934-1935

Special Warrants issued during the fiscal year ending March 31st, 1935, amount to \$5,347,703.23, divided as follows:

Unemployment and Farm Relief—	Income Account	Capital Account	Total
Direct Relief		\$ 796,000.00	\$ 796,000.00
Relief Work		905,143.28	905,143.28
Agricultural Relief	\$ 5,066.62	891,047.22	896,113.84
Loans to Cities		750,000.00	750,000.00
Sub-Total	\$ 5,066.62	\$3,342,190.50	\$3,347,257.12
Statutory Payments—			
Superannuation Fund		\$ 7,500.00	\$ 7,500.00
Old Age Pensions	\$310,000.00		310,000.00
Alberta Government Telephones, loan for interest		350,000.00	350,000.00
Department of Trade and Industry	5,000.00		5,000.00
Implementing Guarantees		100,060.00	100,060.00
Sub-Total	\$315,000.00	\$ 457,560.00	\$ 772,560.00
Other Purposes—			
Agricultural Pests	\$ 14,770.00	\$ 152,500.00	\$ 167,270.00
Public Works, Main Highways, etc.	135,200.90	612,053.08	747,253.98
Various Grants and Insufficient Appropriations..	200,431.16	112,930.97	313,362.13
Sub-Total	\$350,402.06	\$ 877,484.05	\$1,227,886.11
Total Warrants	\$670,468.68	\$4,677,234.55	\$5,347,703.23

In August, 1934, the basis of Dominion contributions to relief expenditures by local authorities was changed, the Province receiving a grant in aid covering the total contribution of the Federal authority. This change in procedure necessitated the appropriation by special warrant of sums formerly paid direct by the Dominion. In addition, agricultural relief, relief work, and loans to cities were authorized by warrant, and as shown above including direct relief resulted in an expenditure of \$3,347,257.12. To the extent of \$772,560 warrants were required to provide funds for expenditures authorized by statutes. The destruction of agricultural pests required \$167,270, public works and undertakings \$747,253.98, and miscellaneous items as shown by the supplementary estimates, the sum of \$313,362.13.

It must be remembered that estimates provide for expenditure one year in advance and it is not humanly possible to provide for every contingency. Existing legislation regarding warrants enables the Executive Council to deal with emergencies without summoning a special meeting of the Legislature to provide the necessary funds.

Including payments authorized by Special Warrants the actual amount expended by this Government, on Income Account, during the past twelve years was only \$35,817.29 more than the amounts appropriated by the Legislature as shown by the following statement:

TOTAL ESTIMATED AND ACTUAL EXPENDITURE

Twelve years ended March 31st, 1934

	Estimated	Actual	In Excess of Estimates	Less Than Estimates
December 31, 1922.....	\$11,947,402.88	\$11,235,192.22		\$712,210.66
December 31, 1923.....	11,170,859.95	10,990,830.00		180,029.95
December 31, 1924.....	11,711,353.71	11,127,468.55		583,884.16
December 31, 1925.....	11,589,267.48	11,343,006.45		246,261.03
December 31, 1926.....	11,677,862.93	11,894,327.74	\$216,464.81	
March 31, 1928, 15 mos.....	15,612,518.22	15,870,132.55	257,614.33	
March 31, 1929, 12 mos.....	13,262,259.70	13,686,260.68	424,000.98	
March 31, 1930.....	15,065,907.52	15,402,884.57	336,977.05	
March 31, 1931.....	17,061,336.76	18,017,543.54	956,206.78	
March 31, 1932.....	18,828,798.78	18,645,481.20		183,317.58
March 31, 1933.....	18,058,027.43	17,533,785.97		524,241.46
March 31, 1934.....	16,782,139.68	17,056,638.86	274,499.18	
	<u>\$172,767,735.04</u>	<u>\$172,803,552.33</u>	<u>\$ 35,817.29 (net)</u>	

FUNDED AND UNFUNDED DEBT**

The net funded debt of the Province as at December 31st, 1934, amounted to \$135,811,912.35* compared with \$132,143,064.95 as at March 31st, 1934. The net unfunded debt totalled \$13,650,742.03 as at December 31st, 1934, as against \$12,405,597.85 on March 31st, 1934—an increase of \$1,245,144.18, or a total net increase in the net funded and unfunded debt during the nine months of \$4,913,991.58. The following chief items of Capital expenditure account largely for this increase:

Seed Grain, Land Settlement and Agricultural Relief	\$1,138,933.35
Unemployment Relief	1,739,521.53
Roads, Bridges and Ferries	917,048.85
Loans to Cities of Edmonton, Calgary and Lethbridge	750,000.00
Lethbridge Northern Irrigation District	496,338.25

The loans to Edmonton, Calgary and Lethbridge are covered by one year Treasury Bills of those Cities, corresponding to the Treasury Bills of this Province for a like amount issued to the Dominion Government.

Sinking Funds applicable to the direct debt have increased by \$881,701.22 during the period under review.

Our debt position as at December 31st, 1934, was as follows:

Gross Funded Debt	\$145,151,534.40
Less: Sinking Fund	9,339,622.05
Net Funded Debt	\$135,811,912.35
Add: Net Unfunded Debt	13,650,742.03
Net Funded and Unfunded Debt	<u>\$149,462,654.38</u>

CAPITAL BORROWINGS

Temporary borrowings from the Bank to complete the refunding of the November 1st, 1933, debentures were retired during this period from the proceeds of \$1,850,000 5% debentures due September 1st, 1955, a continuation of the \$1,000,000 floated last Fall. The improvement in the market enabled the Province to dispose of the unsold balance at a betterment in price over the first million, the cost of the \$1,850,000 averaging 5.35% as against 5.52½% for the first million. The issue of debentures falling due on April 1st, amounting to \$2,000,000 was refunded temporarily by Treasury Bills to the Dominion Government of \$1,968,524.31, bearing interest at 4½%.

The upward trend of the market for Western Provincial debentures during the latter part of the year enabled the Government to sell by tender \$3,000,000 4% Twenty-year debentures, callable after fifteen years, at a cost basis of 4.36½%; and from the proceeds of this issue the Treasury Bills above mentioned were redeemed. The cost of this financing was, with one exception, the lowest rate obtained since the inception of the Province.

*See Statement No. 1, Pages 24 and 25, Details of Funded Debt and Treasury Bills as at December 31st, 1934.

**See Statements Nos. 2 and 3, Pages 26 and 27, Analysis of Funded and Unfunded Debt as at December 31st, 1934.

ESTIMATES 1935-1936

Turning now to the estimates for the coming fiscal year ending March 31st, 1936, the estimated receipts and expenditures on Income Account are as follows:

Revenue—Income Account	\$15,331,774.25
Expenditure—Income Account excluding Debt Retirement	15,302,000.04
Operating Surplus before providing for Sinking Fund or Debt Retirement	\$ 29,774.21
Provision for Sinking Funds	729,253.57
Estimated Deficit—Including Provision for Sinking Funds	<u>\$ 699,479.36</u>

While several of the Western Provinces have ceased to provide in their expenditures the Sinking Funds on a substantial portion of their debenture issues, we are including provision for this purpose on the same basis as in previous years.

The estimated revenue by Departments is given herewith, together with the estimates for the previous year:

REVENUE—INCOME ACCOUNT

Details—	Estimates 1935-1936	Estimates 1934-1935	Increase or Decrease*
Dominion of Canada	\$ 1,771,475.00	\$ 1,771,475.00	.....
Agriculture Department	234,230.00	211,325.00	\$ 22,905.00
Agriculture Department: (Water Resources Branch)	1,000.00	1,000.00	.....
Attorney General's Department	2,719,640.00	2,301,715.00	417,925.00
Education Department	182,200.00	179,300.00	2,900.00
Executive Council	54,700.00	55,000.00	300.00*
Legislation	1,035.00	1,212.00	177.00*
Municipal Affairs Department	1,253,500.00	1,222,400.00	31,100.00
Provincial Secretary's Department	5,098,000.00	4,898,850.00	199,150.00
Public Health Department	383,640.00	370,597.50	13,042.50
Public Works Department	113,950.00	113,500.00	450.00
Railways and Telephones Department: (Railways Branch)	223,200.00	223,200.00	.....
Treasury Department	2,121,404.25	2,285,191.62	163,787.37*
Lands and Mines Department	1,173,800.00	1,262,200.00	88,400.00*
	<u>\$15,331,774.25</u>	<u>\$14,896,966.12</u>	<u>\$434,808.13</u> net
Less Salary Deductions	265,000.00	300,000.00	35,000.00*
	<u>\$15,066,774.25</u>	<u>\$14,596,966.12</u>	<u>\$469,808.13</u> net

The revenue from the Liquor Control Board anticipates an increase of \$435,000 compared with the estimates for the present year. The profits for the eleven months ended February 28th, 1935, show an increase in excess of \$300,000 as against the same period of the previous year. The increase of \$450,000 estimated from the Fuel Oil Tax, is based on the gain shown in the present fiscal year, and the increase of one cent in the tax, which will be provided for by legislation. These main increases are partially off-set by anticipated decreases of \$200,000 Motor Licenses; \$111,500 Income Tax; \$70,000 Coal, Petroleum, Rentals and Royalties; and \$90,000 on various interest earnings.

The following statement sets forth the estimated expenditures for the coming fiscal year compared with the estimates for the present year:

EXPENDITURES—INCOME ACCOUNT

	Estimates 1935-1936	Estimates 1934-1935	Increase or Decrease*
Executive Council	\$ 436,719.00	\$ 298,629.00	\$138,090.00
Legislation	236,497.50	228,610.00	7,887.50
Agriculture Department	393,805.03	317,102.50	76,702.53
Agriculture Department: (Water Resources Branch)	56,615.50	53,965.51	2,649.99
Attorney General's Department	1,087,133.00	1,086,041.00	1,092.00
Education Department	2,434,150.67	2,272,750.00	161,400.67
Municipal Affairs Department	107,364.87	121,195.00	13,830.13*
Provincial Secretary's Department	101,210.00	97,108.34	4,101.66
Public Health Department	1,446,349.00	1,375,769.67	70,579.33
Public Works Department	1,593,551.50	1,590,283.00	3,268.50
Railways and Telephones Department: . (Railways Branch)	13,070.00	13,070.00	.....
Treasury Department	502,819.97	427,808.30	75,011.67
Lands and Mines Department	461,904.00	448,825.00	13,079.00
Trade and Industry Department	23,300.00	7,050.00	16,250.00
	\$ 8,894,490.04	\$ 8,338,207.32	\$556,282.72 net
Less Salary Deductions	265,000.00	300,000.00	35,000.00*
Total Ordinary Expenditure	\$ 8,629,490.04	\$ 8,038,207.32	\$591,282.72 net
Interest and other charges on Public Debt	6,407,510.00	6,336,297.99	71,212.01
	\$15,037,000.04	\$14,374,505.31	\$662,494.73 net
Sinking Funds	729,253.57	746,568.57	17,315.00*
	<u>\$15,766,253.61</u>	<u>\$15,121,073.88</u>	<u>\$645,179.73 net</u>

The following increased expenditures are provided for:

Election	\$150,000
Grants to Schools	60,000
Free School Texts	50,000
Powlett Case	28,000
Vermilion School of Agriculture	39,000
District Agriculturists and Weed Control	23,000
Public Health Institutions and Services ..	70,000
Old Age Pensions	68,000

CAPITAL ACCOUNT—FISCAL YEAR 1935-1936

The comparative figures of estimated receipts and payments on Capital Account are as follows:

Receipts

Details—	Estimates 1935-1936	Estimates 1934-1935	Increase or Decrease*
Executive Council	\$ 341,900.00	\$ 328,500.00	\$ 13,400.00
Agriculture Department	8,000.00	7,800.00	200.00
Agriculture Department: (Water Resources Branch)	76,955.00	69,200.00	7,755.00
Education Department	37,500.00	53,000.00	15,500.00*
Municipal Affairs Department	227,200.00	139,500.00	87,700.00
Public Works Department	8,800.00	13,000.00	4,200.00*
Treasury Department	262,900.22	43,041.94	219,858.28
Lands and Mines Department	8,000.00	8,000.00	.....
	<u>\$ 971,255.22</u>	<u>\$ 662,041.94</u>	<u>\$309,213.28 net</u>

Payments

Details—	Estimates 1935-1936	Estimates 1934-1935	Increase or Decrease
Executive Council	\$ 100,000.00	\$ 100,000.00	.....
Agriculture Department	35,300.00	16,000.00	\$ 19,300.00
Agriculture Department: (Water Resources Branch)	595,670.00	576,070.00	19,600.00
Municipal Affairs Department	110,000.00	105,200.00	4,800.00
Public Works Department	2,075,400.00	568,000.00	1,507,400.00
Treasury Department	10,000.00	21,500.00	11,500.00*
	<u>\$ 2,926,370.00</u>	<u>\$ 1,386,770.00</u>	<u>\$1,539,600.00 net</u>
Unemployment Relief	\$ 1,621,676.36	\$ 1,466,130.00	\$ 155,546.36
Agricultural Relief	517,580.00	369,087.81	148,492.19
	<u>\$ 2,139,256.36</u>	<u>\$ 1,835,217.81</u>	<u>\$ 304,038.55</u>
	<u>\$ 5,065,626.36</u>	<u>\$ 3,221,987.81</u>	<u>\$1,843,638 55 net</u>

The proposed increased expenditures on Capital Account are as follows:

Main Highways—Construction	\$800,000
District Highways—Grants	300,000
Bridges—Construction	100,000
Addition Provincial Training School, Red Deer	50,000
Addition Oliver Mental Institute	200,000

The cost of Unemployment and Agricultural Relief is estimated at \$2,139,256.36.

It is anticipated the Dominion Government will provide the funds required for the financing of Unemployment and Agricultural Relief and the other proposed expenditures will be undertaken providing the financing can be arranged on a basis satisfactory to the Government.

TAXATION

The Government does not consider it wise, in view of the financial position of the people, to increase the present tax burden by the imposition of any new taxes; and with the exception of an increase in the Fuel Oil Tax which has already been announced, no upward revision in any of the existing rates of taxation is contemplated in this budget.

The Government is not unmindful of the serious financial situation facing not only the Provincial Government, but the various municipal governments within the Province. Realizing the necessity of more clearly defining the fields of taxation as between local, Provincial and Dominion governments, a Tax Enquiry Board has been appointed to make a thorough survey of the various forms of taxation now in effect in this Province.

While our municipal governments feel the need of augmenting their present sources of revenue, it must be borne in mind that the Provincial Government cannot, under existing conditions, undertake added services, or assume additional obligations without the imposition of new or increased taxation, as it must be obvious to everyone that present sources of Provincial revenue are not now sufficiently productive to meet ordinary expenditures necessary in connection with existing Provincial services and responsibilities.

The Provincial Income Tax has not been productive to the extent we had anticipated; and while some of the Western Provinces have

supplemented their revenues by the imposition of a Wage Tax in addition to an Income Tax, this Government is of the opinion that, in view of the added burdens placed on Western Provinces, especially in connection with the incidence of the Federal Tariff policy, before adding new taxes on the people of Alberta, or increasing the present Income Tax rates, further effort should be made to secure either an increase in the subsidy paid by the Dominion Government to this Province, or to induce the Dominion Government to allocate the entire field of Income Taxation to the Provincial Governments. The present Dominion Income Tax rates, using the present Alberta statutory exemptions, would yield the Province an additional revenue of approximately \$1,300,000.

Income Tax collections in this Province for the year ended March 31st, 1934, were as follows:

	Dominion	Alberta	Total
Individuals	\$ 665,273	\$430,750	\$1,096,023
Corporations	678,115	184,644	862,759
5% tax (at source)	47,035	.....	47,035
	<u>\$1,390,423</u>	<u>\$615,394</u>	<u>\$2,005,817</u>

The following statement sets out the sources of our gross revenue for the year ended March 31st, 1934:

	Details	Amount	Per Capita	Per Cent
Dominion of Canada Subsidies .....	.....	\$ 1,757,317.00	\$ 2.29	11.58
Taxes .....	.....	4,698,576.77	6.13	30.95
Real and Personal Property—				
Supplementary Revenue	\$ 786,292.06	.....	1.01	5.18
Wild Lands	86,578.29	.....	.12	.57
Educational, general.....	51,800.74	.....	.07	.34
Educational, Leased Lands	12,903.20	.....	.02	.09
Electric Power Lines and Plants	29,884.25	.....	.04	.19
Timber Areas	6,392.60	.....	.01	.04
Pipe Line Taxation Act	9,032.75	.....	.01	.06
Unearned Increment Tax	10,471.70	.....	.02	.07
	<u>\$ 993,355.59</u>	.....	<u>\$ 1.30</u>	<u>6.54</u>
Other taxes—				
Amusements	\$ 115,619.21	.....	\$ .15	.76
Corporations	705,606.89	.....	.92	4.65
Fur	73,879.77	.....	.10	.49
Gasoline	1,724,452.41	.....	2.25	11.36
Income Tax	492,394.91	.....	.64	3.24
Parl-Mutual	33,128.53	.....	.05	.22
Railway Mileage	303,289.28	.....	.59	2.00
Succession Duties	256,850.18	.....	.33	1.69
	<u>\$3,705,221.18</u>	.....	<u>\$ 4.83</u>	<u>34.41</u>
Licenses .....	.....	\$ 1,926,523.03	\$ 2.51	12.70
Automobile	\$1,667,716.97	.....	2.17	10.99
Miscellaneous	258,806.06	.....	.34	1.71
	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Fees .....	.....	\$ 1,712,942.97	\$ 2.23	11.28
Fines and Penalties .....	.....	52,521.15	.07	.35
Profits from Trading Activities .....	.....	1,270,394.87	1.66	8.37
Government Liquor Control Act	\$1,251,000.00	.....	1.63	8.24
Miscellaneous	19,394.87	.....	.03	.13
	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Miscellaneous .....	.....	\$ 87,340.69	\$.11	.57
*Refunds of Expenditure .....	.....	1,778,425.76	2.32	11.72
From Revenue-Producing Assets .....	.....	1,894,565.20	2.47	12.48
	<u>.....</u>	<u>\$15,178,607.44</u>	<u>\$19.79</u>	<u>100.00</u>

*Grants and subventions shown under Dominion of Canada in previous years, are now included with refunds of expenditure.

A statement showing the character of our gross expenditures for the year ended March 31st, 1934, follows:

EXPENDITURE					
	Details	Amount	Per Capita	% of Rev.	% of Expend.
DEBT CHARGES		\$6,943,309.95	\$9.05	45.74	40.71
Roads, Bridges and Ferries.....	\$1,878,672.54		2.45	12.37	11.01
Railways Investment	294,260.06		.38	1.94	1.73
Railways Loss	603,373.97		.79	3.98	3.54
Public Buildings and Public Works	952,252.33		1.24	6.28	5.58
Repayable advances and loans and working advances.....	405,355.53		.53	2.67	2.38
University of Alberta.....	281,065.86		.36	1.85	1.65
Lethbridge Northern Advances....	266,015.44		.35	1.75	1.56
Alberta Wheat Pool advance.....	290,641.05		.38	1.91	1.70
Miscellaneous .	1,971,673.17		2.57	12.99	11.56
EDUCATION .		2,452,090.13	\$3.20	16.16	14.38
LEGISLATION AND GENERAL GOVERNMENT		1,631,462.98	2.13	10.74	9.56
Legislation .	\$ 208,492.52		.27	1.37	1.22
General Government	1,398,283.23		1.83	9.21	8.20
Miscellaneous .	24,687.23		.03	.16	.14
ADMINISTRATION OF JUSTICE....		756,561.77	\$.99	4.99	4.44
AGRICULTURE .		456,434.83	.59	3.01	2.68
PUBLIC DOMAIN, RESEARCH AND DEVELOPMENT		442,334.13	.57	2.91	2.59
PUBLIC WELFARE, INSTITUTIONS AND CHARITABLE GRANTS....		3,548,540.53	4.63	23.38	20.80
HIGHWAYS, BRIDGES AND FERRIES		780,534.01	1.02	5.14	4.57
COMMISSIONS AND FINES PAID TO MUNICIPALITIES, AND REFUNDS .		45,370.53	.06	.30	.27
		\$17,056,638.86	\$22.24	112.37	100.00
DEFICIT .		\$1,878,031.42	\$ 2.45	12.37	
		\$15,178,607.44	\$19.79	100.00	

(Estimated population: 767,000)

REFUNDING OF PROVINCIAL DEBT

The burden of the interest charge on public debt is undoubtedly one of our major problems. This Government, Mr. Speaker, has been charged with doing nothing towards lowering the interest charges on our debt.

Mr. Speaker, this Government from the first has taken a very definite stand on this question. It has adhered to the principle of meeting its obligations. It has refused to take any hasty or ill-considered action which would accomplish nothing beneficial to the taxpayers of this Province. It has adopted a policy that has not adversely affected the credit of this Province or the credit of other provinces of Canada. While adhering to this policy, the Government has nevertheless consistently maintained that our Provincial debt should be refunded at lower rates of interest at the opportune time and when the necessary assistance could be obtained. We believe this will be accomplished, but it can only be effected with the assistance of the Federal Government. Such assistance must also be given to other provinces which are faced with the same necessity of reducing the burden of their interest charges. Before doing this the Dominion

Government has naturally wished to complete its own programme of refunding. No doubt, Mr. Speaker, you have noticed that a bill has been introduced in the House of Commons providing for the redemption of Two Hundred Million dollars of Canadian National Railway callable debentures, which, when effected, should result in higher market prices for Provincial securities. Further, it is commonly recognized that any general refunding of debts in Canada cannot successfully be carried out without access to the London market. It is regrettable, therefore, that any premature action by any governing body should destroy the confidence of the English investor in Canadian securities.

I particularly wish to stress the fact that any Provincial debt refunding plan is predicated on the concurrence and with the assistance of the Dominion Government. Although our outstanding debentures are not callable before maturity, nevertheless we feel that in carrying out any comprehensive plan of refunding, this difficulty can be overcome.

In urging the refunding of our present debt at lower rates of interest, we are advocating a policy which has already been carried out in many countries of the world. Great Britain early in 1932 instituted a series of conversion loans, and to date has refunded nearly £2,700,000,000 of her debt at rates of interest resulting in an annual saving in interest charges of £40,000,000 to the British taxpayer. New Zealand and South Africa have also converted substantial portions of their debt at lower rates of interest. It should be noted that these conversion operations applied only to callable issues. In July, 1933, Australia offered in London an issue of £17,221,000 4% Stock for the purpose of converting outstanding issues of four Australian States bearing 6% interest. These issues also contained callable features. The internal debt of the Australian Commonwealth, however, was previously refunded by a compulsory conversion loan, resulting in a reduction of interest amounting to 22½%.

In Newfoundland the British Government, when taking over the direct administration of the Island, refunded the entire funded debt, with the exception of four trustee Sterling issues. Holders of all other issues were offered debentures bearing 3% interest maturing up to thirty years, redeemable after ten years, and guaranteed by the British Government. In order to effect the conversion, it was provided that Newfoundland would legislate that any bondholders not accepting the offer should receive no interest or principal as long as Britain is paying on guarantees, or has outstanding advances to Newfoundland.

REFUNDING CONDITIONS

In the formulation of a refunding plan for this and other provinces in Canada, this Government is of the opinion that the following considerations should be borne in mind:

1. That the assistance of the Dominion Government is essential to any plan of refunding provincial debentures, more particularly those of the Western Provinces.

2. That in any plan involving the support of the Dominion Government by guarantee, the amount of the guarantee should, having regard to the credit of the senior Government, be held to a minimum.
3. That any plan of refunding should provide for a consolidation of the present net debt at lower rates of interest and for a sound debt retirement policy with respect to at least a substantial portion of the debt, so that the necessity of continually going on the market for refunding purposes, with the costs incidental thereto, will be eliminated.
4. That while a certain amount of new borrowing for capital purposes is inevitable in the further development of the Province, such borrowings must necessarily be limited, and their retirement adequately provided for, in order to avoid an undue increase in our Public Debt charges.
5. That irrespective of the interest rate on any refunding issue it is impracticable for this Province to adopt an adequate debt retirement policy by the setting up of an actuarial sinking fund on its total debt.

The amount of debt to which a refunding plan should apply is arrived at after excluding Savings Certificates, Sinking Funds, Special Investment Fund and Cash on Hand as at December 31st, 1934. Sterling issues quoted on the London Stock Exchange should also be excluded from any proposed plan. This would leave a debt figure of \$131,000,000 to be dealt with in a refunding plan.

REFUNDING PLAN ILLUSTRATED

For purposes of illustration let us assume that \$80,000,000 of our present debt are converted into Consolidated Perpetual Stock bearing interest at 3%, with interest only guaranteed by the Dominion Government and that the remaining \$51,000,000 of our debt are converted into Thirty-year Serial Debentures (equal annual instalments of principal and interest) bearing interest at $3\frac{1}{2}\%$.

You will note that no provision is made for the redemption of the \$80,000,000 Perpetual Stock, but it is suggested that surpluses on ordinary revenue and expenditure would be applied from time to time to the purchase of this stock.

The issue of \$51,000,000 provides for blended principal and interest payments each year, automatically reducing this debt in increasing amounts of principal each year until at the end of thirty years this debt is completely extinguished. The operation of a Sinking Fund, with the uncertainty of earnings is, of course, entirely eliminated under this plan.

On the basis of the foregoing proposed division of the debt, and bringing in the Sterling issues without change to their present status, the annual carrying charges on our debt would be reduced by \$2,100,813. The following figures show annual carrying charges under the proposed plan of \$6,086,961. Of this total \$2,400,000 of annual in-

terest on Perpetual Stock is the only amount which it is suggested that the Dominion Government should guarantee, and it should be noted that the annual subsidies paid to the Province by the Dominion now amount to \$1,771,000:

Interest on \$80,000,000 Perpetual Stock @ 3%	\$2,400,000
Equal annual instalments on \$51,000,000 @ 3½%, Thirty-	
year Serial or Instalment Debentures	2,772,938
Interest and Sinking Funds on \$17,269,195 Sterling issues	914,023
Total carrying charges	<u>\$6,086,961</u>

Our present debt carrying charges including Telephones are \$8,187,773, made up of \$7,296,205 interest and \$891,568 sinking fund.

The equal annual instalments of \$2,772,938 in respect of the \$51,000,000 Serial Debentures in the first year provide a reduction of principal amounting to \$987,938, and in increasing amounts throughout the life of the issue. It is plain, therefore, that to the extent of the annual automatic reduction of principal, new capital borrowings may be made without increasing our public debt. Over a longer period than thirty years, the annual saving on carrying charges would be still greater. For example, on a forty-year basis the annual saving would amount to approximately \$2,500,000.

It should be pointed out that in the event of any such proposed plan being adopted, after adjusting the debt of the Telephone system, the Province would receive as a set-off against the carrying charges the following payments from the main self-sustaining assets:

Telephones (adjusted debt)	\$ 937,405
C.P.R. and C.N.R. for 3½ years	223,200
Wheat Pool Loan, approx. until 1952	453,000
Total	<u>\$1,613,605</u>

The types of securities proposed constitute a departure from those we have been accustomed to issue in this and other Western Provinces. Serial or Instalment debentures have been used to some extent, more particularly in some of the Eastern Provinces and Municipalities. While an accepted practice in Great Britain, the issue of Perpetual Stock constitutes a new procedure in Government financing in Canada, but I venture to suggest that it is not only practical, but that it is essential to the solution of the problems we are facing in this and the other Provinces, especially in Western Canada.

In outlining this plan, I have pointed out that it cannot be made effective without the assistance and concurrence of the Dominion Government. While advocating this plan, this Government will co-operate with other Provincial Governments and the Federal authorities in the formulation of any other practical refunding plan that will achieve similar results.

CONCLUSION

In conclusion, Mr. Speaker, let me say that the duties and responsibilities placed on a Provincial Government are increasing year after year due to the changing conception of the responsibilities of the state, and a tendency to regard the state as the chief force in expanding and consolidating provincial and national life.

The trend of expenditure on social services, including education and public health, is constantly upward, reaching the enormous sum of \$6,000,000 in this Province for the year ending March 31st, 1934. Thus, without a rapidly increasing population, the burden of taxation necessary to meet these growing expenditures for public services incurred for the common good becomes greater and greater. In prosperous times revenues expand, thus enabling governments to meet the public demand for increased services. In a period of depression, however, revenues shrink, taxes are unpaid, and the people call for governmental assistance and relief, while at the same time they demand drastic curtailment in public expenditures. It is, therefore, the duty not only of members of the Legislature, but of citizens in general, to remember that governments, as well as the people they serve, are at the mercy of economic conditions.

As elected representatives, it is our duty to show courage while the black cloud of economic fear hovers over our people, and to remember always that our economic troubles are man made and, therefore, can and must be man cured through the proper adjustment of human relationships, and through the adoption of co-operative principles in our economic system in the place of those destructive competitive practices that have so seriously affected the economic welfare of our people.

STATEMENT No. 1

GOVERNMENT OF THE PROVINCE OF ALBERTA

STATEMENT OF FUNDED DEBT AND TREASURY BILLS AT DECEMBER 31st, 1934

Date of Issue	Date of Maturity	Amount	Int. Rate	Where Payable	Denominations	Distribution	
						General Revenue	Telephones
DEBENTURES AND STOCK							
April 1, 1931.....	April 1, 1935.....	3,943,000.00	4½ %	M., T., W., E., C., V., N.Y.	\$1,000.00	\$ 3,143,000.00	\$ 800,000.00
Jan. 15, 1936.....	Jan. 15, 1936.....	2,000,000.00	6 %	M., T., E.	\$1,000.00	\$1,000,000.00	1,000,000.00
April 1, 1936.....	April 1, 1936.....	3,200,000.00	6 %	M., T., E.	\$1,000.00	\$1,000,000.00	2,200,000.00
Nov. 1, 1921.....	Nov. 1, 1936.....	1,250,000.00	6 %	M., T., E.	\$1,000.00	\$1,000,000.00	250,000.00
June 1, 1931.....	June 1, 1937.....	1,650,000.00	4½ %	M., T., W., E., C., V., N.Y.	\$1,000.00	1,650,000.00	.....
June 1, 1938.....	June 1, 1938.....	2,000,200.00	4 %	M., T., E., L.	\$100.00	1,650,000.00	2,000,200.00
Jan. 1, 1939.....	Jan. 1, 1939.....	1,000,000.00	5½ %	M., T., E., N.Y.	\$1,000.00	\$1,000.00	.....
Jan. 15, 1939.....	Jan. 15, 1939.....	2,500,000.00	5 %	M., T., E., N.Y.	\$1,000.00	2,500,000.00	.....
Jan. 1, 1939.....	Jan. 1, 1939.....	750,000.00	5 %	M., T., E.	\$1,000.00	750,000.00	.....
Sept. 1, 1939.....	Sept. 1, 1939.....	250,000.00	5 %	M., T., E.	\$1,000.00	250,000.00	.....
Sept. 1, 1924.....	Sept. 1, 1924.....	2,000,000.00	5 %	M., T., E., W., V.	\$1,000.00	2,000,000.00	.....
Feb. 15, 1940.....	Feb. 15, 1940.....	750,000.00	5 %	M., T., E., W., V.	\$1,000.00	750,000.00	.....
Feb. 15, 1940.....	Feb. 15, 1940.....	750,000.00	5 %	M., T., E., W., V.	\$1,000.00	750,000.00	.....
July 15, 1941.....	July 15, 1941.....	2,500,000.00	4½ %	M., T., E., N.Y., L.	\$1,000.00	2,500,000.00	.....
Sept. 1, 1921.....	Sept. 1, 1921.....	1,800,000.00	6 %	M., T., E.	\$1,000.00	1,800,000.00	.....
Oct. 1, 1941.....	Oct. 1, 1941.....	2,250,000.00	6 %	M., T., E.	\$1,000.00	2,250,000.00	.....
Oct. 1, 1941.....	Oct. 1, 1941.....	1,053,230.68	6 %	M., T., E.	\$1,000.00	1,053,230.68	1,800,000.00
Dec. 1, 1921.....	Dec. 1, 1921.....	700,000.00	6 %	M., T., E., N.Y.	\$1,000.00	700,000.00	1,800,000.00
Jan. 15, 1927.....	Jan. 15, 1942.....	1,250,000.00	4½ %	M., T., E., N.Y.	\$1,000.00	1,250,000.00	.....
July 1, 1927.....	July 1, 1942.....	153,000.00	4½ %	M., T., E., N.Y.	\$1,000.00	153,000.00	.....
Sept. 15, 1922.....	Sept. 15, 1942.....	2,943,000.00	5 %	M., T., E., N.Y.	\$1,000.00	2,943,000.00	.....
Nov. 1, 1912.....	Nov. 1, 1942.....	58,908.07	4 %	L.	\$1.00 Stock	729,724.41	2,218,275.59
April 1, 1923.....	April 1, 1943.....	3,500,000.00	5 %	M., T., E., N.Y.	\$1,000.00	1,078,162	48,136.45
July 1, 1923.....	July 1, 1943.....	2,000,000.00	5 %	M., T., E., N.Y.	\$1,000.00	1,500,000.00	2,000,000.00
Nov. 1, 1913.....	Nov. 1, 1943.....	3,081,754.68	4½ %	M., T., E., N.Y.	\$1,000.00	2,000,000.00	2,000,000.00
June 15, 1925.....	June 15, 1945.....	2,250,000.00	4½ %	M., T., E., N.Y., L.	\$1,000.00	1,849,052.82	1,232,701.86
Jan. 15, 1926.....	Jan. 15, 1946.....	3,750,000.00	4½ %	M., T., E., N.Y., L.	\$1,000.00	2,250,000.00	.....
Jan. 1, 1947.....	Jan. 1, 1947.....	3,846,000.00	5½ %	M., T., E., N.Y.	\$1,000.00	3,750,000.00	.....
March 1, 1932.....	March 1, 1947.....	5,000,000.00	6 %	M., T., E., W., C., V.	\$1,000.00	1,848,000.00	2,000,000.00
Jan. 1, 1923.....	Jan. 1, 1948.....	4,800,000.00	5 %	M., T., E., N.Y.	\$1,000.00	4,104,000.00	896,000.00
Jan. 15, 1925.....	Jan. 15, 1950.....	3,740,000.00	5 %	M., T., E., N.Y.	\$1,000.00	4,800,000.00	.....
Oct. 1, 1931.....	Oct. 1, 1951.....	5,649,000.00	4½ %	M., T., E., N.Y.	\$1,000.00	3,272,000.00	468,000.00
April 1, 1932.....	April 1, 1952.....	3,000,000.00	5½ %	M., T., E., N.Y.	\$1,000.00	5,649,000.00	.....
July 15, 1933.....	July 15, 1953.....	1,900,000.00	4 %	M., T., E., W., C., or V.	\$1,000.00	3,000,000.00	.....
Oct. 15, 1934.....	Oct. 15, 1954.....	1,000,000.00	4½ %	M., T., E., W., C., or V.	\$1,000.00	1,000,000.00	.....
July 15, 1935.....	July 15, 1955.....	500,000.00	5 %	M., T., E., W., C., or V.	\$1,000.00	1,000,000.00	.....
Sept. 1, 1933.....	Sept. 1, 1933.....	2,850,000.00	5 %	M., T., E., N.Y.	\$1,000.00	500,000.00	.....
Oct. 1, 1926.....	Oct. 1, 1933.....	6,000,000.00	4½ %	M., T., E., N.Y.	\$1,000.00	2,850,000.00	.....
Jan. 15, 1927.....	Jan. 15, 1936.....	1,275,000.00	4½ %	M., T., E., N.Y.	\$1,000.00	4,756,894.25	1,243,605.65
Dec. 1, 1927.....	Dec. 1, 1957.....	1,850,000.00	4 %	M., T., C., E., V., N.Y.	\$1,000.00	1,275,000.00	.....
						1,850,000.00	.....

July 16, 1928.....	July 16, 1958.....	4½ %	M., T., E., W., V., N.Y., L., C.	\$1,000.00	2,808,000.00	692,000.00
*Oct. 1, 1928.....	Oct. 1, 1958.....	4½ %	M., T., E., W., C., V., N.Y., L.	\$1,000.00, \$500.00	5,915,000.00	.....
Jan. 1, 1929.....	Jan. 1, 1959.....	5 %	L.	\$1,000.00	7,400,000.00	.....
Oct. 1, 1929.....	Oct. 1, 1959.....	5 %	M., T., E., W., C., V., N.Y., L.	\$1,000.00, \$500.00, \$100.00	3,913,500.00	2,086,500.00
May 1, 1930.....	May 1, 1960.....	4½ %	M., T., E., W., C., V., N.Y.	\$1,000.00, \$500.00, \$100.00	3,000,000.00	.....
April 1, 1931.....	April 1, 1961.....	4½ %	M., T., E., W., C., V., N.Y.	\$1,000.00, \$500.00, \$100.00	3,250,000.00	1,750,000.00
July 1, 1932.....	July 1, 1962.....	4½ %	M., T., E., W., C., V., N.Y.	\$1,000.00	546,000.00	.....
June 1, 1932.....	June 1, 1962-67.....	5 %	L.	\$1,000.00	4,136,666.66	730,000.00
June 1, 1927.....	June 1, 1967.....	4½ %	L., \$1,364,500 E., V., Vic.	\$1,000.00	3,870,500.00	1,369,000.00
Feb. 15, 1924.....	Feb. 15, 1974.....	5 %	E.	\$1,000.00	500,000.00	.....
July 15, 1924.....	July 15, 1974.....	5 %	E., \$1,575,000 M., T., E., Vic., N.Y.	\$250,000.00	250,000.00	.....
June 15, 1925.....	June 15, 1975.....	5 %	E., Vic.	\$130,000.00	130,000.00	.....
May 1, 1930.....	May 1, 1980.....	4½ %	E.	\$1,000,000.00	1,000,000.00	.....
Dec. 15, 1934.....	Dec. 15, 1954.....	4½ %	M., T., E., W., C., V.	\$1,000.00, \$500.00, \$100.00	50,000.00	.....
Total Funded Debt.....					\$104,624,619.86	\$26,112,640.33
TREASURY BILLS:						
Jan. 3, 1934.....	Jan. 3, 1935.....	4½ %	O., E.		\$ 200,000.00	\$
Jan. 13, 1934.....	Jan. 13, 1935.....	4½ %	O., E.		1,428,000.00	\$ 952,000.00
Jan. 13, 1934.....	Jan. 13, 1935.....	4½ %	O., E.		442,000.00	.....
Jan. 13, 1934.....	Jan. 13, 1935.....	4½ %	O., E.		500,000.00	.....
Feb. 9, 1934.....	Feb. 9, 1935.....	4½ %	O., E.		1,968,524.31	.....
Mar. 29, 1935.....	Mar. 29, 1935.....	4½ %	O., E.		500,000.00	.....
April 15, 1934.....	April 15, 1935.....	4½ %	O., E.		500,000.00	.....
May 12, 1934.....	May 12, 1935.....	4½ %	O., E.		1,000,000.00	.....
May 12, 1934.....	May 12, 1935.....	4½ %	O., E.		750,000.00	.....
June 13, 1934.....	June 13, 1935.....	4½ %	O., E.		500,000.00	.....
Aug. 1, 1934.....	Aug. 1, 1935.....	4½ %	O., E.		140,000.00	.....
Sept. 1, 1934.....	Sept. 1, 1935.....	4½ %	O., E.		500,000.00	.....
Sept. 1, 1934.....	Sept. 1, 1935.....	4½ %	O., E.		468,750.00	.....
Sept. 15, 1934.....	Sept. 15, 1935.....	5½ %	O., E.		645,000.00	.....
Sept. 24, 1935.....	Sept. 24, 1935.....	4½ %	O., E.		750,000.00	.....
Sept. 24, 1935.....	Sept. 24, 1935.....	4½ %	O., E.		600,000.00	.....
Oct. 15, 1934.....	Oct. 15, 1935.....	4½ %	O., E.		500,000.00	.....
Dec. 11, 1934.....	Dec. 11, 1935.....	4½ %	O., E.		1,000,000.00	.....
Dec. 20, 1934.....	Dec. 20, 1935.....	4½ %	O., E.		750,000.00	.....
Dec. 23, 1934.....	Dec. 23, 1935.....	4½ %	O., E.		320,000.00	.....
Total Funded Debt and Treasury Bills.....					\$118,086,894.17	\$27,064,640.23
Less: Sinking Funds.....					7,289,250.17	2,050,371.88
Net Funded Debt and Treasury Bills.....					\$110,797,644.00	\$25,014,268.35

*Alberta and Great Waterways Railway First Mortgage Debenture Bonds.

**Part proceeds \$5,000,000 (\$5,000,000 authorized).

Abbreviations: M., Montreal; T., Toronto; O., Ottawa; W., Winnipeg; E., Edmonton; C., Calgary; V., Vancouver; Vic., Victoria; N.Y., New York; L., London, England.

STATEMENT No. 2

GOVERNMENT OF THE PROVINCE OF ALBERTA

ANALYSIS OF FUNDED AND UNFUNDED DEBT

The net funded and unfunded debt as at December 31st, 1934, amounted to \$149,462,654.38, as follows:

Funded debt	\$145,151,534.40	
Less: Sinking funds	9,339,622.05	
		\$135,811,912.35
Unfunded debt:		
Savings certificates	\$ 10,541,078.88	
Less: Cash and investments	3,426,974.74	
		\$ 7,114,104.14
Temporary loans	4,200,000.00	
Superannuation fund	2,011,451.59	
Miscellaneous liabilities	325,186.30	
		13,650,742.03
Net funded and unfunded debt		\$149,462,654.38

In order to arrive at the net general debt the following realizable or income-producing assets may properly be deducted:

Alberta Government Telephones, plant and supplies at cost....	22,843,256.25	
Railways, balance owing by C.P.R. and C.N.R.....	5,580,000.00	
Alberta Wheat Pool loan.....	5,211,515.49	
Loans to Calgary, Edmonton and Lethbridge.....	2,210,860.59	
Receivable from Dominion Government for Unemployment and Agricultural Relief	156,938.58	
Elevator loan	177,359.31	
Working advances, net assets.....	580,745.56	
		36,760,675.78
Net general debt		\$112,701,978.60

Net general debt is represented by expenditures on

General Assets:		
Roads, bridges and ferries	\$ 33,930,939.08	
Public buildings and other public works	18,108,077.38	
University of Alberta	4,418,497.85	
University Hospital	462,931.94	
Lethbridge Northern Irrigation District	5,536,590.81	
Miscellaneous	679,958.67	
		\$ 63,136,995.73

Loans and advances at book values, partially secured, subject to realization and provision for losses:

Seed grain relief and agricultural loans	\$ 5,501,107.20	
Charitable purposes and care of incurables	501,648.15	
Unemployment relief	436,305.01	
School and municipal district loans	390,579.04	
Drainage and irrigation districts	307,869.84	
Road construction advances	363,455.91	
Normal school students' loans	134,682.56	
Miscellaneous	101,318.64	
		7,736,966.35

Deferred charges and capital losses:

Loss on sale of railways	\$ 11,441,670.82	
*Debt discount	6,084,684.47	
*American exchange	1,581,026.33	
Unemployment relief	5,793,894.10	
Alberta Government Telephones	2,148,604.51	
Accounts written off	1,354,712.25	
War gifts and expenses	573,941.30	
Refund re Dominion subsidy	468,750.00	
Grants re bridges	400,000.00	
Miscellaneous	2,303,879.69	
		\$ 32,151,163.47

Less: Reserves and capital surplus	9,407,523.84	
		22,743,639.63
Advances to income account covering income deficits and net income assets.....		19,084,376.89

*Net General Debt

\$112,701,978.60

*Including Alberta Government Telephones.

STATEMENT No. 3

GOVERNMENT OF THE PROVINCE OF ALBERTA

COMPARATIVE STATEMENT OF PUBLIC DEBT DECEMBER
31st, 1921, AND DECEMBER 31st, 1934

	December 31, 1921	December 31, 1934	Increase
Net funded debt	\$ 57,464,000.00	\$135,812,000.00	.....
Net unfunded debt	4,201,000.00	13,651,000.00	.....
Net indirect debt	30,408,000.00	9,134,000.00	.....
Net total	<u>\$ 92,073,000.00</u>	<u>\$158,597,000.00</u>	<u>\$ 66,524,000.00</u>

Details of Public Debt Increases

	December 31, 1921	December 31, 1934	Increase
Telephones	\$ 20,185,709.59	\$ 26,418,215.74	\$ 6,232,506.15
Roads, bridges and ferries	9,316,269.03	34,694,394.99	25,378,125.96
Public buildings and University	14,256,658.19	22,676,793.69	8,420,135.50
Irrigation and drainage districts.....	5,987,000.00	11,701,725.67	5,714,725.67
Loans and guarantees:			
Wheat Pool		5,211,515.49	5,211,515.49
Co-operative Credit Societies		1,862,155.68	1,862,155.68
Cities, M.D.'s and S.D.'s	247,995.17	3,102,166.05	2,854,170.88
Miscellaneous	8,402,082.23	8,543,163.27	141,081.04
Unemployment and agricultural relief...		8,099,524.09	8,099,524.09
Miscellaneous	4,213,851.62	9,576,755.38	5,362,903.76
Advances to Income Account	5,010,257.07	19,084,376.89	14,074,119.82
	<u>\$ 67,619,822.90</u>	<u>\$150,970,786.94</u>	<u>\$ 83,350,964.04</u>
Decreases:			
Railways	26,728,983.42	17,024,077.91	9,704,905.51
Gross total	<u>\$ 94,348,806.32</u>	<u>\$167,994,864.85</u>	<u>\$ 73,646,058.53</u>
Deduct: Reserves, surplus, etc	2,275,818.73	9,398,123.96	7,122,305.23
Net total	<u>\$ 92,072,987.59</u>	<u>\$158,596,740.89</u>	<u>\$ 66,523,753.30</u>

STATEMENT No. 4

GOVERNMENT OF THE PROVINCE OF ALBERTA

ESTIMATE OF THE NATIONAL WEALTH OF CANADA, 1929
(Dominion Bureau of Statistics)

CLASSIFICATION OF WEALTH	Manitoba	Saskatchewan	Alberta	British Columbia
Farm values (land, buildings, implements, machinery, live stock).....	\$ 569,841,000	\$1,413,120,000	\$ 875,110,000	\$ 195,593,000
Agricultural Products in the possession of farmers and traders	119,472,000	299,304,000	223,246,000	56,889,000
Total Agricultural Wealth	\$ 689,313,000	\$1,712,424,000	\$1,098,356,000	\$ 252,482,000
Mines (capital employed)	18,020,000	6,098,000	142,943,000	170,575,000
Forests (estimated value of accessible raw materials, pulpwood and capital invested in woods operations)	24,500,000	67,700,000	97,500,000	418,500,000
Fisheries (capital invested in boats, gear, etc., in primary operations).....	1,317,000	122,000	547,000	13,795,000
Central Electric Stations (capital invested in equipment, materials, etc.)	25,734,000	7,445,000	13,256,000	41,910,000
Manufactures (machinery and tools and estimate for capital in rural lands and buildings, duplication excluded)	31,460,000	6,842,000	26,803,000	173,306,000
Manufactures (materials on hand and stocks in process, duplication excluded)	24,847,000	13,258,000	18,318,000	49,257,000
Construction, Custom and Repair (estimate of capital invested in machinery and tools, materials, etc.)	9,652,000	8,772,000	7,640,000	12,390,000
Trading Establishments (estimate of the value of furniture, fixtures, delivery equipment and materials on hand)	95,053,000	82,203,000	70,819,000	87,217,000
Steam Railways (investment in road and equipment)	329,669,000	595,845,000	425,560,000	308,940,000
Electric Railways (investment in road and equipment)	16,364,000	4,322,000	6,265,000	22,501,000
Telephones (cost of property and equipment)	20,347,000	31,351,000	25,284,000	22,383,000
Urban Real Property (assessed valuations and exempted property and estimates for under valuation by assessors and for roads, sewers, etc.)	479,322,000	246,594,000	256,795,000	751,557,000
Harbours (investment in)	4,703,000	469,000	469,000	48,108,000
Shipping (including aircraft)	1,636,000	168,000	146,000	35,485,000
Imported Merchandise in Store (estimated at one-half imports during 1929)	28,475,000	17,188,000	19,564,000	48,981,000
Automobiles (estimate of the value of automobiles registered)	49,774,000	82,322,000	63,310,000	60,183,000
Highways, etc.	13,600,000	25,000,000	29,000,000	32,000,000
Household Furnishings, Clothing, etc. (estimated from production and trade statistics).....	92,832,000	121,317,000	90,424,000	82,726,000
Specie, Coin and Other Currency held by the Government, chartered banks and the general public	13,622,000	17,802,000	13,269,000	12,139,000
TOTAL	\$1,970,240,000	\$3,047,242,000	\$2,406,268,000	\$2,644,435,000
PERCENTAGES	6.39	9.88	7.80	8.57

GOVERNMENT OF THE PROVINCE OF ALBERTA
Comparative Statement of Capital Debt and Revenue and Expenditure on Income Account
For the Years ended December 31, 1921 and 1926, and March 31, 1931, 1933 and 1934

STATEMENT No. 5

Particulars	For the Years						Per Capita			
	1921	1926	1931	1933	1934	1921	1926	1931	1933	1934
Debt:										
Gross Bonded Debt	\$59,010,000	\$86,895,000	\$116,802,000	\$140,560,000	\$140,601,000	\$100.28	\$143.02	\$159.65	\$192.12	\$183.31
Net Bonded Debt	\$57,464,000	\$84,470,000	\$111,509,000	\$133,161,000	\$132,143,000	\$ 97.65	\$139.03	\$152.42	\$182.01	\$172.29
Gross Unfunded Debt	\$ 5,837,000	\$11,432,000	\$ 12,925,000	\$ 14,646,000	\$ 15,369,000	\$ 9.92	\$ 18.81	\$ 17.67	\$ 20.01	\$ 20.04
(a) Net Unfunded Debt	\$ 4,201,000	\$ 8,719,000	\$ 5,561,000	\$ 10,566,000	\$ 12,405,000	\$ 7.14	\$ 14.35	\$ 7.60	\$ 14.44	\$ 16.17
(a) Net Funded and Unfunded Debt.....	\$61,665,000	\$93,189,000	\$117,070,000	\$143,727,000	\$144,548,000	\$104.79	\$153.38	\$160.02	\$196.45	\$188.46
(a) Realizable or Income-producing Assets	21,296,000	22,547,000	37,462,000	42,162,000	37,208,000	36.19	37.11	51.21	57.63	48.51
(a) Net General Debt	\$40,369,000	\$70,642,000	\$ 79,608,000	\$101,565,000	\$107,340,000	\$ 68.60	\$116.27	\$108.81	\$138.82	\$139.95
Contingent Liabilities	\$30,408,000	\$25,370,000	\$ 10,634,000	\$ 9,993,000	\$ 9,147,000	\$ 51.67	\$ 41.75	\$ 14.54	\$ 13.66	\$ 11.93
Result of Operations:										
Revenue	\$ 8,486,946	\$11,912,128	\$ 15,710,962	\$ 15,426,265	\$ 15,178,608	\$ 14.42	\$ 19.60	\$ 21.48	\$ 21.09	\$ 19.79
(b) Less: Subsidies and refunds of expenditure from Dominion Government.....	10,605,156	11,894,328	18,017,543	17,533,786	17,056,639	18.02	19.57	24.63	23.97	22.24
Surplus or Deficit	\$ 2,118,210	\$ 17,800	\$ 2,306,581	\$ 2,107,521	\$ 1,878,031	\$ 3.60	\$.03	\$ 3.15	\$ 2.88	\$ 2.45
Revenue:										
Gross Revenue.....	\$ 8,486,946	\$11,912,128	\$ 15,710,962	\$ 15,426,265	\$ 15,178,608	\$ 14.42	\$ 19.60	\$ 21.48	\$ 21.09	\$ 19.79
(b) Less: Subsidies and refunds of expenditure from Dominion Government.....	1,779,509	1,789,557	2,023,994	2,724,430	2,679,050	3.02	2.94	2.77	3.72	3.49
Net Revenue from local sources	\$ 6,707,437	\$10,122,571	\$ 13,686,968	\$ 12,701,835	\$ 12,499,558	\$ 11.40	\$ 16.66	\$ 18.71	\$ 17.37	\$ 16.30
Expenditure:										
Debt Charges	\$ 1,939,635	\$ 4,236,337	\$ 5,782,068	\$ 6,814,658	\$ 6,943,310	\$ 3.30	\$ 6.97	\$ 7.91	\$ 9.31	\$ 9.05
Controllable	8,665,521	7,657,991	12,235,475	10,719,128	10,113,329	14.72	12.60	16.72	14.66	13.19
Net Revenue from local sources	\$10,605,156	\$11,894,328	\$ 18,017,543	\$ 17,533,786	\$ 17,056,639	\$ 18.02	\$ 19.57	\$ 24.63	\$ 23.97	\$ 22.24
Controllable Expenditure:										
Gross Controllable	\$ 8,665,521	\$ 7,657,991	\$ 12,235,475	\$ 10,719,128	\$ 10,113,329	\$ 14.72	\$ 12.60	\$ 16.72	\$ 14.66	\$ 13.19
Less: Refunds of expenditure from Dominion Government and other sources	287,295	380,351	973,033	1,767,945	1,778,426	.49	.62	1.33	2.42	2.32
Net controllable	\$ 8,378,226	\$ 7,277,640	\$ 11,262,442	\$ 8,951,183	\$ 8,334,903	\$ 14.23	\$ 11.98	\$ 15.39	\$ 12.24	\$ 10.87
Estimated Population	*588,454	607,584	*731,605	731,605	767,000					

*Dominion census.

(a) In previous reports cash was included with income-producing assets. It is now included with investments, and deducted from unfunded debt, previous years' comparative figures being adjusted accordingly.

(b) The statement was amended at March 31st, 1934, to show subsidies and all refunds of expenditure from Dominion Government under this caption.

Result of operations does not include Alberta Government Telephones.

The 1931 population factor was amended to show Dominion census figures.

The above information has been assembled, under my direction, from the Public Accounts of the Province, and, in my opinion, correctly sets forth capital debt and revenue and expenditure on income account for the years stated.

JAMES C. THOMPSON, C.A., Provincial Auditor.

Edmonton, August 24, 1934.

GOVERNMENT OF THE PROVINCE OF ALBERTA

INCOME TAX ASSESSMENTS

INDIVIDUALS—1933

SUMMARY ACCORDING TO INCOME GROUPS

Income Groups	No. of Taxpayers	Income	Tax Levied
\$ 750 to \$ 1,000	5,911	\$ 5,194,503.49	\$ 10,683.34
1,000 to 2,000	8,470	11,991,102.76	42,222.42
2,000 to 3,000	3,735	9,125,957.61	29,122.00
3,000 to 4,000	1,266	4,333,232.50	19,534.56
4,000 to 5,000	559	2,486,052.95	17,474.89
5,000 to 6,000	283	1,548,619.85	15,550.83
6,000 to 7,000	149	958,230.17	12,573.62
7,000 to 8,000	95	712,812.99	13,309.58
8,000 to 9,000	50	424,806.70	9,834.78
9,000 to 10,000	43	406,603.07	11,061.20
10,000 to 11,000	36	374,892.62	11,822.46
11,000 to 12,000	32	364,935.65	13,260.11
12,000 to 13,000	20	249,069.57	10,152.71
13,000 to 14,000	12	163,895.13	7,169.50
14,000 to 15,000	5	71,118.68	3,141.06
15,000 to 16,000	6	92,965.68	5,404.41
16,000 to 17,000	4	65,808.69	4,165.21
17,000 to 18,000	6	105,856.48	6,602.42
18,000 to 19,000	2	37,821.73	2,621.69
19,000 to 20,000	2	39,052.87	3,224.51
20,000 to 25,000	8	176,438.42	16,583.33
25,000 to 30,000	3	82,221.59	9,840.44
30,000 and over	4	208,178.19	38,735.31
Totals.....	20,701	\$39,214,177.39	\$314,090.38

The income shown above is the net income of the individual before deducting statutory exemptions.

Income from Alberta Bonds exempt from taxation by Section 4 (h) of The Income Tax Act is excluded.

STATEMENT No. 7

GOVERNMENT OF THE PROVINCE OF ALBERTA

GENERAL STATISTICS

Area—Land	159,232,000	acres
Water	4,150,400	"

Total	163,382,400	"
Area in square miles	255,285	miles

Population, 1931 Census..	731,605	
1934 (Est.) ..	767,000	

Area of National Parks....	13,434,240	acres
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Area of Forest Reserves..	12,436,500	"
---------------------------	------------	---

Area of Surveyed Tract..	87,889,701	"
--------------------------	------------	---

Area of Irrigation Tract	3,354,080	"
--------------------------	-----------	---

Area, irrigable	886,746	"
-----------------------	---------	---

Area, irrigated	338,509	"
-----------------------	---------	---

Est. Agricultural Area....	97,123,000	"
----------------------------	------------	---

Area in occupied farms..	38,977,457	"
--------------------------	------------	---

Area of improved land in occupied farms	17,763,109	"
---	------------	---

Total number of farms....	97,408	
---------------------------	--------	--

Average size of farms—		
------------------------	--	--

1931	400.15	acres
------------	--------	-------

1921	352.50	"
------------	--------	---

Average value of farm property per acre—		
--	--	--

1921	\$28.00	
------------	---------	--

1931	20.00	
------------	-------	--

1933	16.00	
------------	-------	--

1934	16.00	
------------	-------	--

Average size of improved land per farm—		
---	--	--

1931	182.35	acres
------------	--------	-------

1921	141.86	"
------------	--------	---

Acreage under cultivation—		
----------------------------	--	--

1906	659,981	acres
------------	---------	-------

1921	11,597,018	"
------------	------------	---

1931	16,908,186	"
------------	------------	---

1934	17,296,455	"
------------	------------	---

Acreage in wheat—		
-------------------	--	--

1906	177,127	acres
------------	---------	-------

1921	4,649,004	"
------------	-----------	---

1931	7,938,000	"
------------	-----------	---

1934	7,501,000	"
------------	-----------	---

Total Market Value of Agricultural Production—		
--	--	--

1906	\$ 16,428,205	
------------	---------------	--

1921	136,355,276	
------------	-------------	--

1931	148,048,008	
------------	-------------	--

1934 (Estimated)	152,878,863	
------------------------	-------------	--

Average yield of Wheat, 1925-34, inclusive,	18.15	bushels per acre.
---	-------	-------------------

Creamery butter manufactured—		
-------------------------------	--	--

1906	1,960,356	lbs.
------------	-----------	------

1921	13,048,493	"
------------	------------	---

1931	22,957,922	"
------------	------------	---

1933	23,852,350	"
------------	------------	---

1934	25,500,000	"
------------	------------	---

Total Live Stock Population, 1934—		
------------------------------------	--	--

Horses	698,300	head
--------------	---------	------

Milch Cows	461,700	"
------------------	---------	---

Other cattle	1,108,500	"
--------------------	-----------	---

Sheep	696,200	"
-------------	---------	---

Swine	896,100	"
-------------	---------	---

Poultry	7,803,600	"
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Live Stock on Farms, 1931 Census—		
-----------------------------------	--	--

Horses	on 79,284	farms
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Milch Cows	on 67,422	"
------------------	-----------	---

Sheep	on 6,784	"
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Swine	on 54,512	"
-------------	-----------	---

Poultry	on 72,155	"
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Shipments of cattle from Alberta—		
-----------------------------------	--	--

1932	96,701	head
------------	--------	------

1933	123,428	"
------------	---------	---

1934	161,578	"
------------	---------	---

Hog Marketings—		
-----------------	--	--

1921	158,097	"
------------	---------	---

1922	394,898	"
------------	---------	---

1932	1,008,452	"
------------	-----------	---

1933	1,032,169	"
------------	-----------	---

1934	1,012,827	"
------------	-----------	---

NATURAL RESOURCES

Estimated coal area, over 16,500 square miles, with coal reserves over 1,000 million tons:

Coal Production—

1906	1,385,000	tons
------------	-----------	------

1921	5,937,195	"
------------	-----------	---

1931	4,564,290	"
------------	-----------	---

1932	4,870,030	"
------------	-----------	---

1933	4,714,784	"
------------	-----------	---

1934	4,748,848	"
------------	-----------	---

Petroleum Production—

1921	nil	
------------	-----	--

1931	1,455,195	bbls.
------------	-----------	-------

1932	917,622	"
------------	---------	---

1933	1,013,040	"
------------	-----------	---

1934	1,265,940	"
------------	-----------	---

Natural Gas Production—

1921	4,945,884	m. cu. ft.
------------	-----------	------------

1931	18,327,139	"
------------	------------	---

1932	16,508,583	"
------------	------------	---

1933	16,789,911	"
------------	------------	---

1934	16,100,697	"
------------	------------	---

Value of Fisheries—

1921	\$459,373	
------------	-----------	--

1931	336,801	
------------	---------	--

1932	225,625	
------------	---------	--

1933	264,232	
------------	---------	--

Value of Mineral Production—

1907	\$ 4,657,524	
------------	--------------	--

1921	30,562,229	
------------	------------	--

1931	23,580,727	
------------	------------	--

1932	21,183,312	
------------	------------	--

1933	19,702,953	
------------	------------	--

Manufacturing Industries, 1931—

No. of Establishments	886	
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Capital invested	\$107,427,603	
------------------------	---------------	--

Employees	11,798	
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Salaries and Wages....	\$ 14,213,753	
------------------------	---------------	--

Value of Products.....	68,367,411	
------------------------	------------	--

Railway Mileage—

1906	1,060	miles
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1921	4,789	"
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1931	5,709	"
------------	-------	---

1933	5,742	"
------------	-------	---

Schools in Operation—

1921	2,746	
------------	-------	--

1931	3,346	
------------	-------	--

1932	3,395	
------------	-------	--

1933	3,451	
------------	-------	--

Motor Vehicle Registrations—

1911	1,631	
------------	-------	--

1916	9,707	
------------	-------	--

1921	39,852	
------------	--------	--

1926	64,129	
------------	--------	--

1931	93,816	
------------	--------	--

1934	88,497	
------------	--------	--

Miles of Gravelled and Surfaced Highways—

1921	17	
------------	----	--

1926	350	
------------	-----	--

1931	1,646	
------------	-------	--

1934	2,236	
------------	-------	--

ALBERTA'S PRIZE WINNINGS

Number of Prizes won in Seed Grains, 1934—

Toronto—Royal Winter Fair.....	37	
--------------------------------	----	--

Chicago—International Hay and Grain Show	49	
--	----	--

Number of Prizes won in Live Stock, 1934—

Toronto—Royal Winter Fair	173	
---------------------------------	-----	--

Chicago—International Hay and Grain Show	10	
--	----	--

STATEMENT No. 8

GOVERNMENT OF THE PROVINCE OF ALBERTA

REVISED ESTIMATE OF AGRICULTURAL PRODUCTION,
ALBERTA, 1933

GRAIN CROPS, Etc.—	Acreage	Aver. Yield Bus.	Total Yield Bus.	Aver. Price	Total Value
Wheat	7,898,000	12.96	102,334,000	\$ 0.45	\$46,050,300
Oats	2,870,000	25.30	72,500,000	0.18	13,050,000
Barley	631,000	20.30	12,783,000	0.22	2,812,260
Rye	169,000	5.30	902,000	0.31	279,620
Flax	10,700	4.00	43,000	1.18	50,740
Mixed Grains	20,800	22.30	464,000	0.18	84,000
Peas	600	13.00	7,800	1.00	8,000
Beans	800	12.60	10,000	1.30	13,000
Alfalfa Seed					17,000
Total					\$62,364,920

ROOT CROPS—	Acreage	Cwt.	Cwt.	Aver. Price	Total Value
Potatoes	32,000	58.00	1,856,000	\$.75	\$ 1,392,000
Turnips, Mangolds, etc.	1,900	81.00	154,000	.65	100,000
		Tons	Tons		
Sugar Beets	14,040	9.79	137,458	6.00	824,748
	47,940				\$ 2,316,748

FODDER CROPS—	Acreage	Tons	Tons	Aver. Price	Total Value
Hay and Clover	282,400	1.28	361,000	\$ 6.00	\$ 2,166,000
Alfalfa	73,100	1.94	142,000	8.00	1,136,000
Fodder Corn	5,000	2.52	13,000	4.70	61,000
Green Feed	1,900,000	1.75	3,080,000	5.00	15,400,000
	2,260,500		3,596,000		\$18,763,000

DAIRY PRODUCTS—	Number of Creameries or Factories	Total Production Lbs.	Cents	Total Value
Creamery Butter	96	23,852,350	18.10	\$ 4,308,962
Cheese	11	1,437,387	10.40	149,593
Other Dairy Products				8,491,445
				\$12,950,000

MISCELLANEOUS PRODUCTS—	Total Value
Animals Slaughtered and Sold	\$17,000,000
Poultry Products	5,000,000
Wool	340,000
Honey	90,000
Game and Furs	1,074,885
	\$23,504,885

SUMMARY

Value of Grain, Root and Fodder Crops	\$ 83,444,668
Value of Dairy Products	12,950,000
Value of Miscellaneous Products	23,504,885
Total Value of Production	\$119,899,553

STATEMENT No. 9

GOVERNMENT OF THE PROVINCE OF ALBERTA

PRELIMINARY ESTIMATE OF AGRICULTURAL
PRODUCTION, ALBERTA, 1934
(Subject to Revision)

GRAIN CROPS, Etc.—	Acreage	Aver. Yield	Total Yield	Aver. Price	Total Value
		Bus.	Bus.		
Wheat	7,501,000	15.0	112,500,000	\$ 0.53	\$59,625,000
Oats	2,700,000	30.0	81,000,000	0.26	21,060,000
Barley	749,000	20.4	15,251,000	0.34	5,185,000
Rye	235,100	8.3	1,942,000	0.37	728,000
Mixed Grains	21,000	22.0	462,000	0.30	139,000
Flax	18,100	6.2	112,000	1.12	125,000
Peas	800	16.3	13,000	1.57	20,000
Beans	900	18.5	17,000	1.80	31,000
Alfalfa Seed					21,000
Total					\$86,934,000

ROOT CROPS—	Acreage	Cwt.	Cwt.	Aver. Price	Total Value
Potatoes	32,800	56.0	1,837,000	\$ 0.73	\$ 1,341,000
Turnips, Mangolds, etc.	1,700	92.0	156,000	0.64	100,000
		Tons	Tons		
Sugar Beets	14,125	12.3	173,000	5.00	865,000
Total	48,675				\$ 2,306,000

FODDER CROPS—	Acreage	Tons	Tons	Aver. Price	Total Value
Hay and Clover	282,000	1.30	372,000	\$ 7.00	\$ 2,626,000
Alfalfa	74,600	2.30	172,000	10.00	1,720,000
Fodder Corn	8,000	4.00	32,000	6.00	194,000
Grain Hay	1,130,000	1.50	1,695,000	7.00	11,865,000
Total	1,494,600		2,271,000		\$16,405,000

DAIRY PRODUCTS—	Total Production Lbs.	Cents	Total Value
Creamery Butter	25,500,000	18.5	\$ 4,717,500
Cheese	1,286,610	11.0	141,527
Other Dairy Products .....		.....	9,441,036
			<u>\$14,300,063</u>

MISCELLANEOUS PRODUCTS—		
Animals Slaughtered and Sold		\$25,000,000
Poultry Products		6,000,000
Wool		250,000
Honey		150,000
Game and Furs		1,533,800
		\$32,933,800

SUMMARY

Value of Grain, Root and Fodder Crops	\$105,645,000
Value of Dairy Products	14,300,063
Value of Miscellaneous Products	32,933,800
Total Value of Production	\$152,878,863

GOVERNMENT OF THE PROVINCE OF ALBERTA

WHEAT STATISTICS AND PROVINCIAL FINANCE

Year	Acreage	Yield Per Acre	Price	Value	Value Per Acre	PROVINCIAL FINANCE		
						Deficit	Surplus	
1911	940,164	21.35	\$.62	\$ 12,376,000	\$13.24	\$ 235,000.00	.....	.....
1916	1,567,738	26.54	1.33	55,369,000	35.30	778,000.00	.....	.....
1920	4,072,993	20.48	1.52	126,807,000	31.13	.....	\$ 402,000.00	.....
1921	4,649,404	11.40	.77	40,756,000	8.78	2,118,000.00	.....	.....
1922	5,765,595	11.40	.77	50,598,000	8.78	1,910,000.00	.....	.....
1923	5,172,643	28.	.65	94,142,000	18.20	572,000.00	.....	.....
1924	5,573,813	11.	1.20	73,574,000	13.20	621,000.00	.....	.....
1925	5,719,749	18.	1.12	115,310,000	20.16	.....	188,000.00	.....
1926	6,115,000	18.50	1.05	118,776,000	19.42	.....	18,000.00	.....
1927	6,251,000	27.40	.98	167,993,000	26.85	.....	280,000.00	1927-28
1928	6,707,526	23.20	.75	117,008,000	17.40	.....	1,579,000.00	1928-29
1929	7,551,215	12.	1.14	109,067,000	13.68	.....	427,000.00	1929-30
1930	7,164,000	18.6	.39	51,831,000	7.25	2,307,000.00	.....	1930-31
1931	7,938,000	17.	.36	50,617,000	6.12	5,153,000.00	.....	1931-32
1932	8,201,000	20.8	.32	54,586,000	6.65	2,107,521.00	.....	1932-33
1933	7,898,000	12.9	.45	46,050,000	5.80	1,878,031.00	.....	1933-34
1934*	7,501,000	15.	.53	59,625,000	7.95	524,108.00***	.....	1934-35**

*Subject to revision.

**Actual deficit for 1934-35 not available at time of printing.

***As per 1934-35 estimates.

STATEMENT No. 11

EXTRACTS FROM THE FINANCIAL POST BUSINESS YEAR BOOK, 1935

KEY FACTS AND FIGURES

(Latest Available Data)

PRAIRIE PROVINCES

	Manitoba	Saskatchewan	Alberta
Population, 1931	700,139	921,785	731,605
Number of wage earners, 1931	170,713	145,440	142,461
Area, square miles	251,832	251,700	255,285
Invested wealth, 1929	\$1,970,000,000	\$3,047,000,000	\$2,406,000,000
Assessed value of property, 1932	552,296,364	1,129,447,552	589,424,200
Provincial Income, 1934	201,000,000	163,000,000	244,800,000
Per capita	288	177	335
Retail Sales, 1930	192,620,100	192,902,900	184,257,000

Net Value of Production, 1932

	Manitoba	Saskatchewan	Alberta
Industrial Activity:			
Agriculture	\$ 36,314,987	\$ 91,668,357	\$ 99,530,146
Forestry	1,869,523	1,958,704	3,153,747
Fishing	1,204,892	186,174	153,789
Mining	9,058,365	1,681,728	21,183,312
Electric Power	6,534,141	4,478,110	4,681,024
Construction	2,927,275	1,758,380	3,866,330
Custom and repair	5,747,000	3,998,000	4,519,000
Manufactures	50,464,930	17,886,961	26,851,640
Total	\$114,121,113	\$123,616,414	\$163,938,988

	Manitoba 1934	Saskatchewan 1934	Alberta 1934
*Agricultural Revenues (gross)	\$ 71,832,000	\$122,674,000	\$152,878,863
From field crops	49,461,000	91,735,000	104,594,000
Bank branches (Nov. 30)	194	327	227
Construction contracts	\$ 3,905,000	\$ 1,563,000	\$ 3,489,000
*Insurance sales, ordinary life	21,094,000	13,442,000	15,808,000

*Estimated by The Business Year Book.

	1933	1933	1933
Automobiles registered	68,740	84,734	86,110

	Manitoba	Saskatchewan	Alberta
Manufactures, 1932:			
Number of plants	970	774	943
Number of employees	22,255	5,535	11,174
Capital invested	\$190,545,652	\$ 63,294,823	\$100,609,788
Salaries and wages paid	24,157,589	6,392,062	11,886,114
Value of products at works	96,056,029	36,101,516	55,293,832

DOMINION INCOME TAX RETURNS OF INDIVIDUALS

(Fiscal Year Ended March 31st, 1932)

	Manitoba		Saskatchewan		Alberta	
	Number	Tax Paid	Number	Tax Paid	Number	Tax Paid
Total	10,007	\$1,037,998	5,479	\$259,469	7,807	\$845,734

KEY FACTOR STATISTICS IN CANADA

	1929	1930	1931	1932	1933	1934
Wages and salaries (000,000's omitted)....	\$3 191	\$2 864	\$2,446	\$2,104	\$1,800	\$2,100
Employment Index (1926=100).....	119.0	113.4	102.5	87.5	83.4	96.0
Retail trade (000,000's omitted).....	\$3 150	\$2,755	\$2,450	\$2,000	\$1,850	\$2,100
Manufacturing, gross (000,000's omitted).....	\$4,029	\$3,429	\$2,698	\$2,126	\$2,312	\$2,750
Construction (000,000's omitted).....	\$ 577	\$ 457	\$ 315	\$ 133	\$ 97	\$ 126
Agricultural Revenue (000 000's omitted).....	\$1,631	\$1,268	\$ 836	\$ 765	\$ 816	\$ 946
Wheat Revenue (000,000's omitted).....	\$ 320	\$ 174	\$ 124	\$ 155	\$ 123	\$ 159
Wholesale Prices Index (1926=100).....	95.6	86.6	72.1	66.7	67.1	71.6
Bond Interest Rates Index (1926=100).....	102.2	98.3	94.1	108.6	97.6	86.6
Stock Prices Index (1926=100).....	157.4	136.1	85.2	55.6	68.6	85.7
Life Insurance Sales (000,000's omitted). \$	615	\$ 568	\$ 489	\$ 437	\$ 397	\$ 417

EXTRACTS FROM BRIEF PRESENTED BY PROFESSOR NORMAN McL. ROGERS, OF QUEEN'S UNIVERSITY, ON BEHALF OF THE GOVERNMENT OF NOVA SCOTIA, TO THE ROYAL COMMISSION OF ECONOMIC ENQUIRY
(Nova Scotia)

PROVINCIAL DISTRIBUTION OF TARIFF BENEFITS
AND TARIFF COSTS

1931 Figures:	Benefit from Tariff	Cost of Tariff	Net Loss or Gain	Loss or Gain per Capita
Prince Edward Island	\$ 467,992	\$ 2,042,150	— 1,574,158	—17.88
Nova Scotia	9,487,493	15,784,124	— 6,296,631	—12.28
New Brunswick	8,126,059	12,891,077	— 4,765,108	—11.67
Quebec	132,867,447	101,171,562	+31,695,885	+11.03
Ontario	220,722,484	168,732,723	+51,989,761	+15.15
Manitoba	19,910,971	29,185,740	— 9,274,769	—13.25
Saskatchewan	3,275,950	29,228,285	—25,952,335	—28.16
Alberta	8,211,148	27,909,396	—19,698,243	—26.93
British Columbia	22,378,571	37,737,247	—15,358,676	—22.33
*TOTALS	<u>\$425,448,115</u>	<u>\$424,880,384</u>		

NOTE—Different methods of calculation account for the totals of these two columns not balancing exactly.

Professor Rogers' procedure in making the analysis is as follows:

First, to estimate the gross value of manufactured goods actually consumed in Canada. The figure used is the gross value of goods manufactured in Canada (\$2,698,000,000) from which is subtracted the gross value of manufactured exports giving a net figure for consumption of \$2,348,000,000.

From this consumption figure is deducted \$286,500,000 representing goods consumed in Canada but not subject to tariff. The net figure of \$2,062,000,000 is then taken to represent the best available measure of the gross value of protected goods manufactured and consumed in the country.

Since the average ad valorem duty on all dutiable imports into Canada in 1931 was 26 per cent, according to the Dominion Bureau of Statistics, it is assumed that the figure shown above (\$2,062,000,000) represents roughly 126 per cent of the competitive world value of these goods. It is assumed, therefore, by an obvious calculation, that the prices at which similar imports could be purchased free of duty would be approximately \$1,636,000,000.

The difference between these two figures (\$425,448,000) is, therefore, estimated to be the amount by which Canadian industry is subsidized by the tariff in respect of home consumption.

The "tariff subsidy" is then divided proportionately to the amount of salaries and wages paid out in the respective provinces by the protected industries. This is the method used and recommended by the special committee of economic enquiry on the Australian tariff in 1929.